Georgia General Assembly 2023 Joint Budget Hearings

Jan. 18, 2023

USG Principles





Fast

Focus

Flexible

Friendly

Fun



✓ Invest in Higher Education



- ✓ Accountability
- ✓ Return on Investment (ROI)



Yesterday was about Incentives, Today is about <u>TALENT</u>!

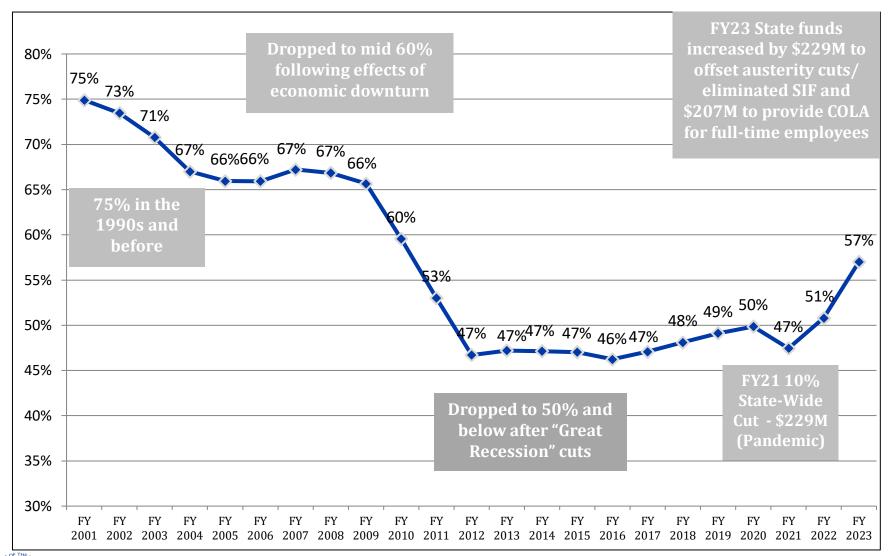


USG Funding Formula Overview

- First implemented in Fiscal Year 1984
- Formula used to calculate the lump sum amount approximates the cost to educate students (faculty, support services, etc.)
- Main Input is Credit Hour Production/Enrollment
 - Based on Growth in Credit Hours (2-year lag)
 - Academic Year (Summer, Fall Spring)
 - Other inputs include square footage and health insurance costs
- Funding appropriated annually by the Governor and General Assembly
- Formula is an Appropriation formula not an Allocation formula
- Board determines how funds are allocated to institutions
- Historically 75/25 state funds/tuition split; currently $\sim 57/43$



State Share of Funding Formula



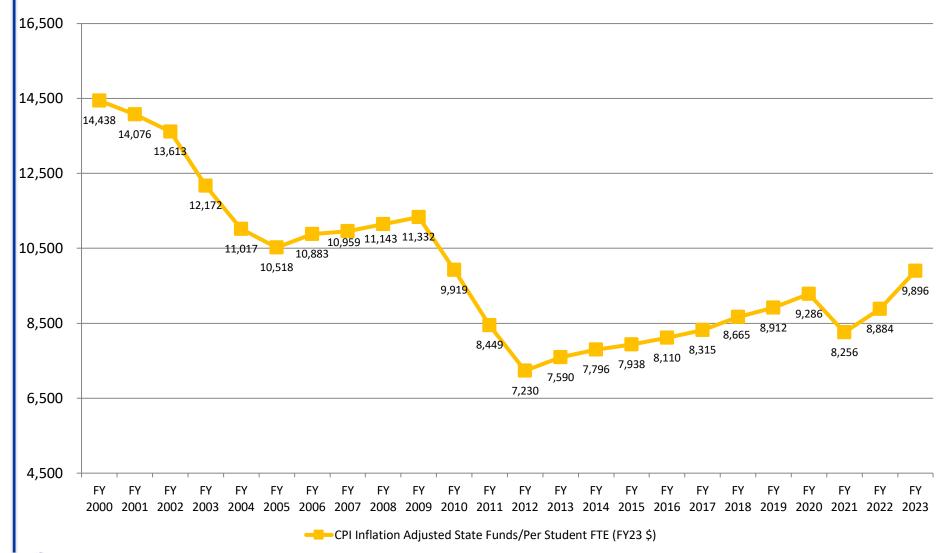


What Has Changed Since FY 1984?

- Safety and Security Risks –Physical and Cyber
- Technological Advances
- Internet/Internet Speed
- Mental Health Issues
- Student Preparedness Need for more students supports to navigate and succeed -Mentoring, tutoring, counseling
- More Diverse Student Body
- Student Expectations Facilities, Dorms, Dining, Athletics, Amenities, Social Activities
- Students as Customers
- Significant Competition from Other States
- Flexibility in course offerings –online and time of delivery
- Inflation
- More Job-Ready Focus
- Greater Connection to State's Workforce Development Needs



USG State Funding Per FTE (CPI-adjusted FY23\$)



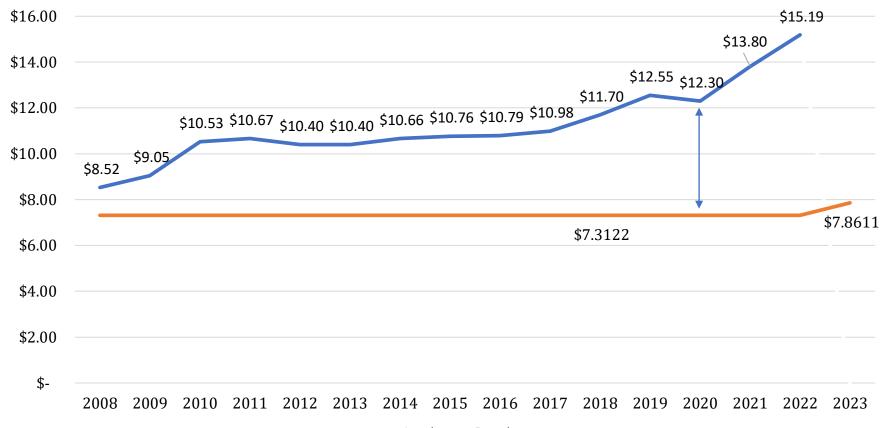


Funding Formula Salary Factors

Faculty		FY 2007	FY 2008	FY 2009	FY 2010	FY 2020	FY 2021	FY 2022	FY 2023
Group 1	Law, Social Science	\$56,908	\$59,983	\$61,631	\$62,392	No Change	No Change	No Change	\$67,392
Group 2	Business, Education	\$61,704	\$65,039	\$66,825	\$67,650	No Change	No Change	No Change	\$72,650
Group 3	Sciences, Health	\$68,936	\$72,662	\$74,658	\$75,579	No Change	No Change	No Change	\$80,579
Group 4	Learning Support	\$44,729	\$47,147	\$48,442	\$49,040	No Change	No Change	No Change	\$54,040
Group 5	Medicine	\$139,039	\$146,555	\$150,580	\$152,439	\$157,520	No Change	\$162,602	\$172,683
Staff	Not applicable	\$34,016	\$35,855	\$36,840	\$37,295	\$37,295	No Change	No Change	\$42,295
Faculty		FY 2007	FY 2008	FY 2009	FY 2010	FY 2020	FY 2021	FY 2022	FY 2023
Group 1	Law, Social Science		5.4%	2.7%	1.2%				\$5,000
Group 2	Business, Education		5.4%	2.7%	1.2%				\$5,000
Group 3	Sciences, Health		5.4%	2.7%	1.2%				\$5,000
Group 4	Learning Support		5.4%	2.7%	1.2%				\$5,000
Group 5	Medicine		5.4%	2.7%	1.2%	3.3%	No Change	3.2%	\$3.2% and \$5,000
Staff	Not applicable		5.4%	2.7%	1.2%				\$5,000



Funding Formula Maintenance & Operations Factors



	Regular Operations	Utilities	Total	
Fixed Factor in Formula	\$5.7271/SF	\$2.1340/SF	\$7.8611/SF	
Input/Variable	Square Footage	Square Footage	Square Footage	
State Share (~75%)	\$5.90			
Tuition Share (~25%)	\$1.96			



\$1 increase in M&O rate generates \$44M in additional state funds.

State Funds Earnings and Losses

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Fall 2022 Enrollment (Drives FY 2025)*
# of Enrollment Funding Increases	17	14	13	13	6	8
Dollar Amount of Increases	\$ 87,097,724	\$ 104,761,968 \$	82,441,800	\$ 131,502,274 \$	79,206,035	TBD
# of Enrollment Funding Decreases	9	12	13	13	20	17
Dollar Amount of Decreases	\$ (14,043,566)	\$ (18,763,557) \$	(17,634,161)	\$ (23,758,053) \$	(71,637,722)	TBD
Total Amount	\$ 73,054,158	\$ 85,998,411 \$	64,807,639	\$ 107,744,221 \$	7,568,313	

^{* 1} institution had flat enrollment



State Funds Earnings and Losses

	EV22 Farmula	EV24 Farmania	Enrollment -	Fall 2022
Institution	FY23 Formula Earnings (Loss)	FY24 Formula Earnings (Loss)	Fall 2016 to Fal1 2022	Enrollment Headcount
Augusta University	\$29,775,701	\$11,167,054	15.01%	9,813
Georgia Institute of Technology	\$46,993,908	\$42,697,690	68.76%	45,296
Georgia State University	(\$5,727,747)	(\$24,391,772)	2.01%	51,995
University of Georgia	\$12,629,021	\$11,706,478	11.03%	40,607
Georgia Southern University	\$3,646,883	\$690,556	(8.35%)	25,506
-		\$12,425,227	23.56%	· ·
Kennesaw State University	\$23,633,833			43,268
University of West Georgia	\$1,878,822	(\$5,846,372)	(10.47%)	11,914
Valdosta State University	\$4,951,142	(\$4,135,325)	(10.11%)	10,225
Albany State University	\$762,778	(\$238,330)	(11.21%)	6,358
Clayton State University	\$286,859	(\$3,423,273)	(16.28%)	5,857
Columbus State University	\$2,997,644	(\$4,665,614)	(10.79%)	7,500
Fort Valley State University	(\$36,492)	(\$1,103,336)	(2.61%)	2,609
Georgia College & State University	(\$1,280,885)	(\$2,020,334)	(8.68%)	6,315
Georgia Southwestern State University	\$1,144,357	\$519,030	4.13%	3,076
Middle Georgia State University	\$2,790,483	(\$2,851,634)	(0.32%)	7,689
Savannah State University	(\$1,723,805)	(\$2,017,785)	(40.22%)	2,962
University of North Georgia	(\$70,473)	(\$5,181,575)	(0.95%)	18,046
Abraham Baldwin Agricultural College	\$72,365	(\$469,673)	(38.60%)	3,649
Atlanta Metropolitan State College	(\$387,868)	(\$335,777)	(48.26%)	1,440
College of Coastal Georgia	(\$832,727)	(\$1,273,521)	(10.60%)	3,155
Dalton State College	(\$926,462)	(\$1,382,395)	(12.59%)	4,535
East Georgia State College	(\$3,149,841)	(\$942,443)	(39.72%)	1,900
Georgia Gwinnett College	(\$4,072,300)	(\$5,929,644)	(8.48%)	11,030
Georgia Highlands College	(\$2,165,001)	(\$2,593,850)	(20.57%)	4,776
Gordon State College	(\$1,643,793)	(\$1,314,514)	(19.41%)	3,144
South Georgia State College	(\$1,802,181)	(\$1,520,554)	(29.43%)	1,794
University System of Georgia	\$107,744,221	\$7,568,313	4.00%	334,459
13 Gainers	\$131,563,795	\$79,206,035	6 Gainers	
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_	\$107,744,221	\$7,568,313
13 Decliners	(\$23,819,574)	(\$71,637,722)
13 Gainers	\$131,563,795	\$79,206,035

20 Decliners

Amended Fiscal Year 2023 and Fiscal Year 2024

Operating and Capital Budget

FY 2023 Amended Budget

Net Change to FY 2023 Amended Budget \$99,675,358

- Includes \$105M for Electronic medical records
 - Investment supports better health care to underserved populations
 - A partnership would "expand the clinical platform, including a new state-of-the-art hospital in Columbia County
 - Partnerships between academic medical centers and hospital systems are increasingly common
 - Partnership could yield a new Augusta University teaching campus at Wellstar's Kennestone hospital campus in Marietta



FY 2024 Operating Budget

Net Change to FY 2024 Operating Budget

\$123,955,222

- \$2,000 cost of living adjustments
- Enrollment (net of \$2.78M correction)
- Maintenance and operations
- Health insurance and retiree health & life benefits

\$87,375,020

\$7,576,201

\$2,313,043

\$18,000,000



Capital Budget Process

- Projects have been developed through collaboration with institutional leadership, vetted by the Office of Real Estate and Facilities and approved by the Board
- USG maintains a long-term capital plan, which is the foundation for the annual capital budget request
- Overall objective of capital planning and budgeting is to best meet System needs within the context of funding availability

 Focus on space utilization and renovating facilities to meet current and future needs



FY 2024 Capital Budget

	<u>Request</u>	<u>Governor's</u> <u>Recommendation</u>
Equipment (3 Projects)	\$11,200,000	\$11,200,000
Construction (4 Projects)	137,700,000	76,970,000
Planning and Design (6 Projects)	9,100,000	2,200,000
Small Capital Projects (8 Projects)	36,200,000	13,000,000
Public Libraries	5,000,000	5,000,000
Georgia Research Alliance	5,000,000	5,000,000
Total FY24 Capital	\$204,200,000	\$113,370,000



Thank You!